

TRADE, COMMERCE & MANUFACTURING SECTOR

FY2017/18 ANNUAL REVIEW





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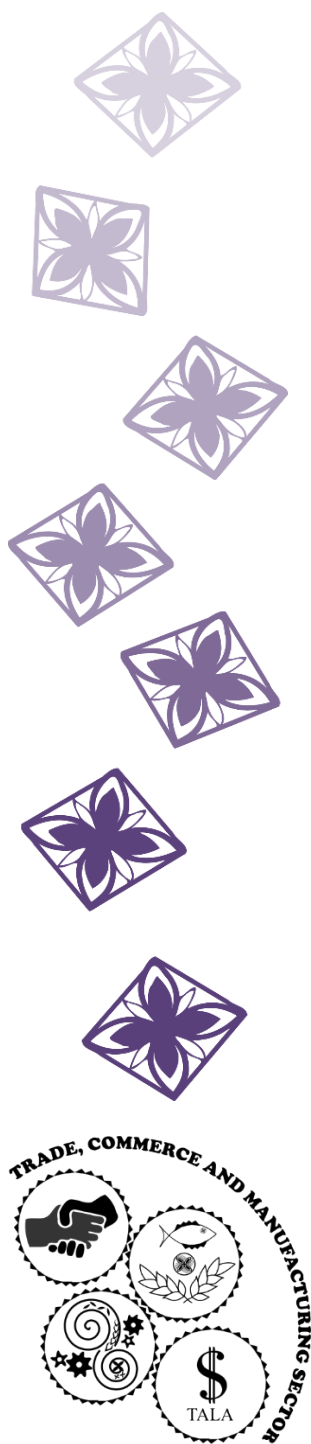


This document captures the work and achievements of the TCM Sector in financial year 2017/18. This document was developed by the TCM Coordination Unit following the FY2017/18 annual review held on 30 August 2018

TRADE, COMMERCE & MANUFACTURING SECTOR

ANNUAL REVIEW – FY2017/18





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1. WHAT IS THE SECTOR AND THEIR WORK?

The Trade, Commerce and Manufacturing Sector Plan (TCM-SP) is one of Samoa's strategic tools for delivering public and private partnership interventions in the Economic Sector, and it envisages promoting sustainable and inclusive growth as well as economic diversification and transformation in Samoa. It builds upon the work of the previous plan, the Strategy for the Development of Samoa (SDS) 2016/17-2019/20, Diagnostic Trade Integration Study Update (DTISU) 2016, the Corporate Plans of Sector Implementing Agencies and the numerous studies and reviews conducted by the Sector over the past five years.

1.1. Sector Development

The current TCM-SP is the second planning cycle document for the Sector; it spans four financial years from FY2017/18 to FY2020/21. It follows one financial year after the SDS planning cycle. There are two key outcomes of the SDS that are streamlined through the TCM-SP: key outcome 3 – Export Products Increased; and key outcome 5 – Participation of Private Sector in Development Enhanced.

1.2. Priorities & Strategies

In line with the Strategy for the Development of Samoa (SDS) 2016/17-2019/20, the TCM-SP envisions “Sustainable trade, commerce and manufacturing for enhanced growth and development”. The TCM-SP's mission is to “Maximise gains from trade and enhance private sector development, to increase income generation opportunities for sustainable livelihoods”. Hence, the TCM-SP proposes methods that will propel development in the trade, commerce and manufacturing sectors; creating employment and reducing poverty levels through stimulation of production and value addition, and resulting in increased incomes, welfare and purchasing power for all Samoans.

The current planning document takes a “product-out” approach where four Pillars (outcomes) stipulate required outputs, and they are: (1) Improved industrial supply and productivity; (2) Increased processing activities and value-addition; (3) Enhanced market access and visibility for Samoan goods and services; and (4) Strengthened sector coordination, planning and support. The performance of the Sector over the past financial years will be reported according to these pillars/outcomes.

1.3. Sector Governance

The TCM-SP 2017/18 – 2020/21 necessitates that government, private sector and development partners adopt a programme-based approach, rather than project-based approach, to delivering support to the sector. This approach is also more comparable to the sector-wide approach. Therefore, the TCM-SP rightfully underscores the importance of inclusiveness in implementation and coordination. Hence, in ensuring an orderly implementation, it features specific institutional arrangements, like the TCM Steering Committee (TCM-SC) and the Coordination Unit (TCM-CU), which were established in 2012.

The TCM-SC, made up of 25 government agencies and five private sector organisations, strategically oversees the implementation of the TCM-SP. The TCM-SC is also adjusted to perform the functions of the Integrated Framework National Steering Committee. Moreover, the TCM-CU is mandated to coordinate and monitor the execution of the TCM-SP and to serve as Secretariat of its governing bodies. The TCM-CU for the sector established under MCIL is capacitated with a Sector Coordinator, Principal Finance and Procurement Officer, Principal M&E Officer, Senior Finance Officers and two Senior Sector Officers

2. WHAT HAS THE SECTOR ACCOMPLISHED IN FY2017/18?

The overarching contribution of the Sector is noted in composition of GDP where the real GDP for Samoa was estimated at 1.91 billion tala in the FY17/18 period. The main contributing sector to GDP is the Commerce Sector, which made up 33% (636 million) of GDP in FY17/18. The Manufacturing Sector (including food and beverage manufacturing) made up 7.7% (148 million) of GDP. The Sector's overarching M&E framework is presented in Table 1 below, with figures for FY2017/18 for information.

SDS OUTCOMES	OVERALL OBJECTIVE (END OF SP OUTCOME)	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
Outcome 1 – Macroeconomic Resilience Increased and Sustained	Sustainable trade, commerce and manufacturing for enhanced growth and development	GDP growth rate and value	Growth rate – 1.7% (FY11/12 – FY15/16)	Growth rate – 2.17% (FY16/17 – FY20/21)	End of Sector Plan (ESP) Indicator	The GDP growth rate over the assessed five-year period is 1.7% compared to the targeted growth of 3-5% per annum envisaged in the SDS 2012-2016. At this rate we can expect a GDP growth rate of 3.1% for this 2017/18-2020/21 planning period. However, in anticipation of another major natural disaster, the Samoan economy is optimistically envisaged to grow 2.17% (3.1% - (0.30 × 3.1%)) over the period. The growth will mainly be driven by the commerce sector, with support from the revamped and revitalised agriculture, fisheries and manufacturing sectors.
			Value – 1.7 billion tala (FY11/12)	Value – 2.11 billion tala (FY20/21)	1.91 billion tala	

SDS OUTCOMES	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
PILLAR (OUTCOME) 1 - IMPROVED INDUSTRIAL SUPPLY AND PRODUCTIVITY					
Outcome 2 – Agriculture and Fisheries Productivity Increased	Percentage and Value of Agriculture and Fisheries Sectors in GDP	Agriculture and Fisheries - 166.7 million tala (9.8%) (FY11/12)	Agriculture and Fisheries - 217.6 million tala (10.3%) (FY20/21)	180 million tala	The primary Sector anticipates increased developments in the fisheries sector, withstanding any natural disaster occurs in this planning period.
Outcome 5 – Participation of Private Sector in Development Enhanced	Economically Active Rate	47,881 people of 106,615 (45%) (2011)	55,925 people of 114,297 (49%) (2021)	ESP Indicator	Based on 2016 Census projections.
PILLAR (OUTCOME) 2 - INCREASED PROCESSING ACTIVITIES AND VALUE-ADDITION					
Outcome 5 – Participation of Private Sector in Development Enhanced	Percentage and Value of Commerce Sector in GDP	Commerce - 517.9 million tala (30.4%) (FY11/12)	Commerce - 660.7 million tala (31.4%) (FY20/21)	636 million tala	Value of Commerce increases through increased activity in the retailing sector.
	Percentage and Value of Manufacturing Sector in GDP	Manufacturing (including food and beverages) - 179.5 million tala (10.5%) (FY11/12)	Manufacturing (including food and beverages) - 188.6 million tala (8.9%) (FY20/21)	148 million tala	Although the agro-processing sector shows promising initiatives, the investment by government and private entities through various agriculture projects has yet to come into fruition.

SDS OUTCOMES	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
	Agro-processing contribution to industrial production	5.47% (FY09/10)	8.73% (FY20/21)	Awaiting updated Industrial Production Index	Private Sector and government investment into agro-processing comes into fruition in this planning period.
PILLAR (OUTCOME) 3 - ENHANCED MARKET ACCESS AND VISIBILITY FOR SAMOAN GOODS AND SERVICES					
Outcome 3 – Export Products Increased	Trade Balance	(457) million tala (FY11/12)	(387) million tala (FY20/21)	(357.7) million tala	The outlook for goods export is also envisaged to significantly fluctuate subject to growing fish exports to China (Hong Kong), increased coconut by-product exports to USA, revamping of the cocoa route to New Zealand, and the impact of the reversed EU ban on kava for medicinal purposes. However, we have to be mindful of unpredicted natural disruptions (like natural disasters and harmful pests) that directly impact the supply chain for all products. For trade in services, it is obvious that travel is its determining factor. Hence, it is envisaged for travel to grow in-line with the revamping of the Faleolo International Airport and the Samoa Airways and the increasing of number of airlines servicing Samoa, as well as number of flights to and from Samoa.
PILLAR (OUTCOME) 4 - STRENGTHEN SECTOR COORDINATION, PLANNING AND SUPPORT					
Outcome 3 – Export Products Increased	Tracking of TCM SP 2017/18-2020/21	M&E baseline figures presented herein.	M&E forecasted figures presented herein.	M&E forecasted figures presented herein.	M&E all assumptions and risks for each indicator are noted in this framework.
Outcome 5 – Participation of Private Sector in Development Enhanced		MTEF annual commitment - 18.4 million tala (FY13/14)	MTEF annual commitment - 23 million tala (FY20/21)	25.5 million tala	MTEF increased commitment are dependent on the pledged figures from development partners, specifically bi-lateral commitments from New Zealand in the cocoa industry and private sector development initiatives.

PROGRAMME RESULTS (OUTPUTS)	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
PILLAR (OUTCOME) 1 - IMPROVED INDUSTRIAL SUPPLY AND PRODUCTIVITY					
1.1 – Improved productivity of key industries	Value of Manufacturing in GDP	179.5 million tala (FY11/12)	188.6 million tala (FY20/21)	148 million tala	Private Sector and government investment into agro-processing comes into fruition in this planning period.
	Agro-processing contribution to industrial production	5.47% (FY09/10)	8.73% (FY20/21)	Awaiting updated Industrial Production Index	
1.2 – Consistent quality and quantity of primary sector supply	Value of Agriculture and Fisheries in GDP	Agriculture and Fisheries - 166.7 million tala (9.8%) (FY11/12)	Agriculture and Fisheries - 217.6 million tala (10.3%) (FY20/21)	180 million tala	The primary Sector anticipates increased developments in the fisheries sector, withstanding any natural disaster occurs in this planning period.

PROGRAMME RESULTS (OUTPUTS)	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
PILLAR (OUTCOME) 2 - INCREASED PROCESSING ACTIVITIES AND VALUE-ADDITION					
2.1 – Increase number of value-added products	Value of Goods Export	67 million tala (FY11/12)	100 million tala (FY20/21)	90.25 million tala	Private Sector and government investment into agro-processing comes into fruition in this planning period; withstanding any natural disaster occurs in this planning period.
2.2 – Improve quality assurance standards for key processing industries	Number of ISO and HACCP certified companies	22 Companies (2016)		Awaiting update from SAME	Commitment of producers to maintain high quality standards. High risk of brand damage if quality control/ food safety standards are not met.
2.3 – Establish quality standards for key services	Number of Apprenticeship Scheme Graduates	29 (2012)	40 (2021)	31 (2017)	Impact Assessment of the scheme is underway. There is a need to further review and revamp the scheme to make it more enticing to both men and women. Also need to add at two more trades, specifically those targeted towards women, in this planning period.
PILLAR (OUTCOME) 3 - ENHANCED MARKET ACCESS AND VISIBILITY FOR SAMOAN GOODS AND SERVICES					
3.1 – Reduced cost of doing business	Doing Business – Distance to Frontier (100)	65.9 (2014)	68 (2021)	63.89 (2018)	Significant improvement is noted for accessing credit given recent developments in using personal properties as collateral. There needs to be more efforts directed towards these two problematic areas: Accessing/Getting Credit; and Resolving Insolvency.
3.2 – Improve access to various private sector support schemes	Number of Private Sector Support schemes	5 (2011)	8 (FY20/21)	5	Subject to tax expenditure reviews and government commitment. Susceptible to abuse if procedural measures are not robust. Requires robust monitoring and evaluation measures.
3.3 – Improve trade balance	Balance of Trade in Goods	(705) million tala (FY11/12)	(697) million tala (FY20/21)	(736.43) million tala	The outlook for goods export is also envisaged to significantly fluctuate subject to growing fish exports to China (Hong Kong), increased coconut by-product exports to USA, revamping of the cocoa route to New Zealand, and the impact of the reversed EU ban on kava for medicinal purposes. However, we have to be mindful of unpredicted natural disruptions (like natural disasters and harmful pests) that directly impact the supply chain for all products. The normalising of imports is envisaged through the decrease in the value of petroleum imports by approximately SAT\$ 55 million per annum, on the basis of the commitment by the GOS to increase electricity production from renewable energy sources.[1] Moreover, the impact of the Trade Sector Support Programme (EIF Tier II); the work done by the Agriculture Sector in import substitution; and promotion of local produces for wellness by the Health Sector, are all expected to come into fruition over the planned period.

PROGRAMME RESULTS (OUTPUTS)	INDICATORS	BASELINE (PERIOD)	TARGET (END OF SP)	FY17/18	ASSUMPTIONS & RISKS
	Balance of Trade in Services	248 million tala (FY11/12)	310 million tala (FY20/21)	378.72 million tala	For trade in services, it is obvious that travel is its determining factor. Hence, it is envisaged for travel to grow in-line with the revamping of the Faleolo International Airport and the Samoa Airways and the increasing of number of airlines servicing Samoa, as well as number of flights to and from Samoa.
3.4 – Increase labour mobility in foreign markets	Number of people deployed to foreign markets	1162 (FY11/12)	3399 (FY20/21)	2579	Anticipating an increase in the New Zealand RSE quota and the Australian SWP remains uncapped.
PILLAR (OUTCOME) 4 - STRENGTHEN SECTOR COORDINATION, PLANNING AND SUPPORT					
4.1 – Coherent sector planning and policy formulation	Number of evidence-based policy advice provided to Implementing Agencies (documented)	5 (FY16/17)	10 (FY20/21)	4	Assuming the Sector resumes the Policy Advice function of the Ministry of Commerce, Industry and Labour.
4.2 – Accurate and timely sector statistics for planning					
4.3 – Strengthen capacity of sector implementing agencies					
4.4 – Integration of cross-cutting issues into the sector	Number of training on business continuity, climate change, equal opportunity, etc.	0	4	3	Subject to availability of funding

Table 1: TCM Sector Monitoring & Evaluation Framework 2017/18 - 2020/21

2.1. Pillar 1: Improved Industrial Supply & Productivity

In terms of Goods – the contribution of the Agriculture and Fisheries Sectors to GDP is estimated at 9.4% (180 million) in FY17/18. For Services, the projections noted in the Census would increase the economically active population to 55,925 people or 49% of the working population. The breakdown of employment by Sector and capacity demand by Sector will be further noted in the Labour Force Survey which is in the final stages of implementation. The following Table 2 reports on the actions for Pillar 1.

ACTIONS	IMPLEMENTING AGENCIES	STATUS/REMARKS
1.1 – IMPROVED PRODUCTIVITY OF KEY INDUSTRIES		
1.1.1 – All stakeholders must work in a durable value chain partnership with a view of transforming the largely subsistence economy in Samoa. To achieve this, serious efforts must be planned and implemented with the objectives of developing an advantageous environment that would attract large commercial ventures into the Samoa primary sector.	MAF, MCIL (IDIP)	On track  - Ongoing review of the Export Development Scheme - Review of the Foreign Investment Act - Most products (except for taro) are exported through middle-men with their supply sourced directly from farmers. - Land lease terms are still subject to MNRE requirements
1.1.2 – Transform the informal sector in Samoa so that it provides decent employment and increased productivity.	MCIL (RCIP & IDIP), MFR	No progress  - Work around employment has been done, but there are no substantial actions done for mobilising the informal sector into full commercial entities.
1.1.3 – Increase sensitization of both men and women regarding the Trade Schemes offered by MCIL for skilled workers without formal certification.	MCIL (AELM)	Slow progress  - Revival of Apprenticeship Trade Testing Scheme
1.1.4 Carry out value-chain analysis of potential traditional/tropical products	MAF, MCIL (IDIP), PHAMA	No progress 
1.1.5 Adopt a cluster development approach, establish business incubators and encourage businesses to network and cluster to achieve economies of scale and reduce unit costs of common overheads. Establish a national networking database under NPSO with the assistance of MCIL	PSOs	Slow progress  - Clusters – Most products (except for taro) are exported through middle-men with their supply sourced directly from farmers. - Incubators – no progress - Network – there is network but fragmented among the PSOs. PSOs have common understanding on labour issues, but not on commerce and industry issues.
1.1.6 Limit foreign retailers of imported goods in the rural communities	MCIL (IDIP)	Slow progress  - Review of the Reserve List and Wholesaling study. - Policy Brief developed - Zoning Policing in development phase - Phase 2 completed for development of the Samoa's Foreign Investment Policy and Legislation (FIA 2000 and its Regulations 2011)
1.1.7 Tailor and enhance more training programs in business management, accounting, customer care and etc. through institutions such as SBEC	SBEC	On track  - SBEC trainings (Certificate II): + Start your own Business + Basic Financial Literacy + Customer Service & Business Essentials + English in my Business + Simple Record-keeping & Financial Monitoring for businesses + Basic Occupational Safety & Health for Small Business
1.1.8 Integrate rural subsistence into the urban monetized economy by focusing on rural development initiatives based on value chain principles.	MWCSD, MAF, MFR, MCIL (RCIP & IDIP)	Activity similar to 1.1.2 
1.2 – CONSISTENT QUALITY AND QUANTITY OF PRIMARY SECTOR SUPPLY		
1.2.1 Promote use of codex standards, codex and guidelines as the basis for national standard development. Promote the development and enhancement of the capabilities of the National Codex Contact Point (CCP), the Samoa National Codex Council (SNCC), delegates and stakeholders on their core functions and to expand the engagement with the	MCIL (FTCD)	Slow progress  - Codex Strategy Plan 2017-2021 in place and implemented - SNCC encourages to use of Codex international standards

ACTIONS	IMPLEMENTING AGENCIES	STATUS/REMARKS
public on Codex updates.		
1.2.2 Address the existing imbalance between labour supply and labour demand. Enhance the relevant skills acquired by the workforce and what is needed by employers.	MCIL (AELM)	Slow progress 🟡 - LMIS in place to assist with job matching, referrals and placement. - LMS is due to be done in FY2018/19. - Existing mechanisms seem to be tick-the-box initiatives that are not very effective.
1.2.3 Provide direct support for local entrepreneurs that have high employment potential. Also eliminate obstacles that constraint youth from participating in productive employment.	SBEC	Slow progress 🟡 - Conducting Job Seekers Training and Industry Awareness Programs - Existing mechanisms seem to be tick-the-box initiatives that are not very effective. - There is a need to review these initiatives
1.2.4 Put in place effective and efficient centres that will provide employment services including the registration for those seeking employment.	MCIL (AELM), Private Sector	Slow progress 🟡 - Job Seekers registration is now available on line through ministry's website. - LMIS in place to assist with job matching, referrals and placement. - LMS is due to be done in FY2018/19. - Existing mechanisms seem to be tick-the-box initiatives that are not very effective.
1.2.5 Enhance the business mind-set and capacity among business owners, subsistence and semi-commercial crop growers/farmers.	SBEC, PSOs	On track ✅ - Subsidised capacity building initiatives provided by SBEC and PSOs
1.2.6 Enhance technical advice and capacities on farming management, specifically crop farming cycles and maintenance of a resilient/consistent supply of goods.	MAF	Slow progress 🟡 - Check with Agriculture Sector – extension services and whether they are still effective
1.2.7 Large Commercial Agricultural businesses should be encouraged to work /cluster with small semi-commercial farmers to share expertise and resources (machineries/exports markets) that are required to cultivate additional lands for farming purposes.	MAF	On track ✅ - Clusters – Most products (except for taro) are exported through middle-men with their supply sourced directly from farmers.
1.2.8 Increase the acreage of traditional/tropical produces to meet the national and international demand.	MAF, STEC	Complete ✅ - STEC replanting program
1.2.9 Set up training and mentoring programme to enable farmers and primary producers to perform value-adding activities	MAF, SBEC	Slow progress 🟡 - SCCI is currently working conducting second phase of the Samoa Cocoa Initiative Development Programme to conduct trainings and workshop for local farmers. - Check with SBEC and SCCI - No direct mechanism in place for business mentoring and etc.

Table 2: Pillar 1: Improved Industrial Supply & Productivity

2.2. Pillar 2: Increased Processing Activities & Value Addition

Samoa's merchandise export base is comprised of agricultural products that have had minimal form of processing. The total value of goods exported in FY17/18 amounts to 90.25 million tala where 60% are domestic exports and 40% are re-exports. In terms of Services, the Sector and MCIL continue to work closely with the Education Sector to strengthen connection between skills supply and employer's demand. For the Apprenticeship Scheme, there were a total of 31 graduates for the year ending 2017.

ACTIONS	IMPLEMENTING AGENCIES	STATUS/REMARKS
2.1 – INCREASED NUMBER OF VALUE-ADDED PRODUCTS		
2.1.1 Promote quality locally made products through improved marketing and branding initiatives as well as through the National Export Strategy. Encourage the production and consumption of locally produced goods and services.	MCIL, MOH, MAF	No progress 🛑 - The Government encourages the private sector to incorporate marketing costs in their financials, but there is no existing platform that directly leverages market research costs.

ACTIONS	IMPLEMENTING AGENCIES	STATUS/REMARKS
		- There have been discussions about a National Export Authority but the Government and private sector are financially strained to be able to take up such an initiative.
2.1.2 Enforce readable information on Samoan products in regional and international markets (including names, date of manufacture and expiry, physical address, packaging material, country of origin and internet based marketing portal and e-competitiveness).	MCIL (FTCD & RCIP), MOH	On track  - Enforce labelling standards for food items administer by MOH and SNCC. - Development of non-food standards will commence in 4Q2018 when TA is on-board. - Check the CCP Act 2016
2.1.3 Promote large scale commercial agriculture and rural agro processing to reduce rural unemployment and underemployment.	MAF, MCIL, MWCS	On track  - The bulk of supply for exports is sourced from rural farms and plantations. However, these primary sector activities are outside the formal sector scope, making it hard to capture their data.
2.1.4 Review sector profiles for at least two industries	MCIL (IDIP)	Slow progress  - Review completed in 2018 but lacks in-depth information and development intentions for each sector.
2.1.5 Linking industry development issues at national level with overall regional or international agreement Samoa is a party to	MCIL (IDIP), MFAT, TCMCU, MOF	On track  - Review overall Export Development Scheme to be consistent with the WTO obligations. - Assessed and submitted to the TCI Board submissions from the Private Sector on PICTA, Tariff Review and Time Release Study (Trade Facilitation). - Ongoing collaboration with MFAT for initiating bilateral agreements.
2.1.6 Expand the Apprenticeship Scheme with additional trades.	MCIL (AELM), NUS, Industries	Completed  - Two new additional trades implemented; 1 – Panel Beating and Spray Painting, 2 – Radio/Electronics. - Water Sanitation coming up soon.
2.2 – IMPROVED QUALITY ASSURANCE STANDARDS FOR KEY PROCESSING INDUSTRIES		
2.2.1 Coordinate and facilitate food and non-food safety standards.	MOH, MCIL (FTCD)	Slow progress  - Development in progress until the end of the next FY18/19
2.2.2 Enhance the legislative framework to capture and formalise standards for local and imported products, as well as ensuring fair trade initiatives	MOH, MCIL (FTCD), MFR	Completed  - Competition and Consumer Act 2016 enforced and implemented. - Food Act 2016 in place and enforced - Metrology Act 2015 in place and enforced
2.2.3 Prioritise selected industries (fisheries, coconut, cocoa etc.) to roll out the ISO and HACCP certification process and consider avenues in which costs of compliance can be reduced	SAME, MCIL (IDIP)	Slow progress  - Existing mechanism for certification is not sustainable
2.2.4 Enhance cooperation with Australia and New Zealand in assisting Samoa to comply with standards including capacity building on conformity assessment, mutual recognition and equivalence of product standards in ANZ markets.	MFAT, MCIL (FTCD), MFR, MAF	Slow progress  - Support provided under PHAMA
2.3 – ESTABLISHED QUALITY STANDARDS FOR KEY SERVICES		
2.3.1 Trade Panels and Industry to revise Industry Training on the Job Forms to be in line with National Competency Standards.	MCIL (AELM), NUS, SQA, Industries	No progress  - Report in final stage prior arrangements/coordination of trade panels and industry.
2.3.2 Process the accreditation of the Apprenticeship Scheme.	SQA, NUS, MCIL (AELM), Industries	No progress  - Jointly working together with SQA in accreditation process
2.3.3 Strengthen and empower the work of SQA to address skill shortages in Samoa.	SQA	Slow progress  - Labour demand not properly addressed.
2.3.4 Develop and implement guidelines on promotion of green jobs within trade implementing agencies.	MCIL (Labour Divisions), TCMCU	Slow progress  - MCIL through IROSH, TCMCU and AELM continue to support and participate in promoting of green jobs activities.

2.3. Pillar 3: Enhanced Market Access for Samoan Goods and Services

The country's trade deficit was estimated at 357.7 million tala in FY17/18. This is due to the substantial deficit in goods (-736.43 million) which is partly recovered by the surplus in trade in services (378.72 million). The surplus in trade in services is attributed to travel receipts. With regards to labour mobility, the total number of people that were successfully placed in the regional labour mobility schemes for FY17/18 amounted to 2,579.

The ease of doing business in Samoa is fairly conducive with a distance to frontier (DTF) score of 63.89 in 2018. The DTF is a scale of 0 to 100 with 100 being the frontier or optimum standard of doing business. Although some improvement has been noted in accessing credit like the PPSR, it is still a problematic area together with resolving insolvency and trading across borders.

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
3.1 – REDUCED COST OF DOING BUSINESS		
3.1.1 Develop simple business set-up processes and streamline them on electronic platforms.	MCIL, MFR, MPMC, MFAT	Slow progress 🟡 - Online platforms only exist for RCIP but not for the whole business set-up process.
3.1.2 Develop of a central registration system for businesses in Samoa which would be used by all Government agencies (MfR, NPF, ACC) building on the success of the online company registration.	SBS, MFR, NPF, ACC, MCIL	No progress 🛑 - Agencies still use their own databases and are reluctant to share information.
3.1.3 Review national tariff structure to reduce tariffs on inputs and capital goods for local production process and create an investment environment for export	MFR	Completed ✅ - National tariff structure reviewed in 2015. Report recommendations are being rolled out.
3.1.4 Implement Samoa's Trade Facilitation Needs Assessment	MFAT, MFR	On track ✅ - Samoa submitted its draft notification of Category B and Category C Provision to the WTO Secretariat for comments and finalization before circulating to the WTO members.
3.1.5 Increase interventions aimed at reducing shipping costs	MFR, PSOs	Slow progress 🟡 - SCCI took the lead from the Private Sector in arranging high-level talks with MfR, concerning the increasing rate of taxes. - These high-level talks were initiated by SCCI and its members, specifically exporters and manufacturers, to address the issue of tax and tariffs. - SCCI will sign an MOU with the Minister of MfR to continue their relationship for high-level talks.
3.2 – IMPROVED ACCESS TO VARIOUS PRIVATE SECTOR SUPPORT SCHEMES		
3.2.1 Efficient implementation of assistance schemes administered through the Sector and research into other new incentives in accordance with the need of industries. Develop, review and promote government assistance schemes geared towards the private sector. To have a level playing field in terms of incentives and assistance between foreign and local investors.	MCIL (IDIP)	Slow progress 🟡 - Ongoing awareness and implementation of assistance scheme programmes. - Develop draft paper to expand scope of DCS to include other industries such as ICT. - Reviewed Promotional Materials, e.g. NIPS, SIG brochures. - Both foreign and local investors are treated equally under existing Government assistance programmes.
3.2.2 Integrate overseas trade promotions and investment schemes (citizenship, tax incentives, customary land access etc.) into targeted packages for investors and development of a financing strategy to assist the transition of small businesses for expansion and sustainability of initial support by Government that include initiatives through the DBS, SBEC, SACEP and SBI.	MCIL (IDIP)	No progress 🛑 - No definitive action for incentives to attract investment.
3.2.3 Increased support for commercial agriculture	MCIL (IDIP),	Slow progress 🟡

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
project especially access to government land, trainings for farmers, and providing duty concessions.	Investment Committee	- TSSP aimed to use STEC lands for commercial farming. STEC is reluctant to collaborate with private sector businesses on leasing replanted lands to ensure project sustainability. - Training for farmers is one of MAF's core functions. - Code 121 caters for agro-processing, but the scheme has a limited list of qualified goods. MfR approved in principle review of criteria to lower the VAGST threshold with the focus on encouraging SMEs to access the programme.
3.2.4 Increase access to competitive financing: financial assistance such as the export financial guarantees scheme; and revive the DBS to be the principal lender for the sector.	Financial Institutions, CBS, DBS, MCIL (IDIP)	Slow progress 🟡 - EDS – Programme is currently under review
3.2.5 To further enhance market access for local entrepreneurs.	SBEC, MCIL (LEEP & IDIP)	On track ✅ - SBEC's functions target start-ups. - Collaboration between MCIL and SBEC to encourage returning seasonal employees to invest in business ventures.
3.2.6 Promote the Personal Properties Securities Act (PPSA) as a means for lowering costs of accessing credit.	MCIL (RCIP)	On track ✅ - PPSA launched in February 2017 - Improve in Ease of Doing Business rank (World Bank) – Samoa is ranked 33 and highest in the Pacific region. One contributing factor is the confidence of commercial banks and lending institutions to accept movable assets as securities for business to access to credit
3.2.7 A survey to be conducted in collaboration with SCCI and SAME to establish the most utilised GSP schemes by exporters identify challenges in utilisation and make recommendations towards enabling improved utilisation of the schemes.	MFAT	No progress ❌
3.2.8 The private sector is encouraged to expand resources for marketing initiatives to evaluate overseas markets and develop relationships to secure market opportunities, including active participation in investment/trade missions and road shows.	PSOs	No progress ❌ - The Government encourages the private sector to incorporate marketing costs in their financials, but there is no existing platform that directly leverages market research costs. - There have been discussions about a National Export Authority but the Government and private sector are financially strained to be able to take up such an initiative. - Similar to activity 2.1.1
3.2.9 Initiate and implement Public Private Partnerships (PPP) risk-sharing models in providing access to capital for MSME. This is by exploring utilisation of (i) Guaranteed lending through regulated banking financial firms; (ii) Intermediate Revolving lending through exempted non-bank financial firms and (iii) Other emerging financial instruments such as business angel financing and crowd funding.	SBEC, CBS	On track ✅ - SBEC is now working closely with MFAT NZ on Project for Private Sector Development/Business Link Pacific. This is to enhance services for the SMEs. - SBEC is now leading the Component 2 of the project and that is: Direct support for micro and medium/small enterprises. This is a modification to the SBEC platform, to support financial and nonfinancial as approached to micro SME development.
3.2.10 Assess feasibility of establishing a carbon trading scheme/institution	MNRE	No progress ❌
3.2.11 Strengthen Government partnership with Private Sector organisations through cost-sharing and mutual capacity building.	All TCM Sector Stakeholders	On track ✅ - MCIL assisted SAME with the Samoa Export Awards 2018, held earlier in May (2Q2018) - Previously MCIL through TCM then assisted SBEC with SBEC's Business Awards 2017. - TSSP under MCIL funded Trade Promotion Officer for SCCI - PSO grant for administrative support disseminated annually
3.3 – IMPROVED BALANCE OF TRADE ON GOODS		
3.3.1 Exploration of the accession to the iEPA (Interim Economic Partnership Agreement) with EU, to promote investment for development of fisheries in Samoa. Also	MFAT	On track ✅ - A support was secured through the EU-ACP TradeComII Programme to assist Samoa in preparation for Accession

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
push through the comprehensive EPA discussions enhances trading for all other goods.		through the project "Targeted support to the authorities of Samoa in the accession and preparation for the implementation of the EPA with the EU". (1Q2018)
3.3.2 Negotiate a formal trade and economic cooperation agreement bearing in mind the need to confirm a clear mandate for American Samoa to negotiate a Trade and Economic Cooperation Agreement (TECA) with Samoa that would be easy to implement with simplified rules of origin. The TECA should include a limited number of key products that would be of great interest to both countries.	MFAT	On track  - Ongoing participation of Samoa in PACER Plus agreements. A regional trade Officials meeting was hosted by Samoa in July 2018. - A readiness package of AUD\$7.7m allocated to provide support to the nine signatory Forum island countries including Samoa to prepare for ratification. - A Development and Economic Cooperation Work Programme of AUD\$25.5m which will be provided when PACER Plus enters into force. This will assist the Forum island parties to implement the agreement over the course of five years.
3.3.3 Negotiate with China the possibilities of extending preferential access of Samoa's products in consideration of the climate change impact on the economy and also in supporting trade development of Samoa.	MFAT	No progress 
3.3.4 Assist the Agriculture Sector with import substitution efforts and the Energy Sector with work on renewable energy sources which impacts the value of petroleum and like products that are imported into Samoa.	TCMCU, Agriculture Sector, Energy Sector	On track  - Actively participates in Agriculture Sector and Energy Sector initiatives.
3.4 – INCREASED LABOUR MOBILITY IN FOREIGN MARKETS		
3.4.1 Provide administrative support for the Labour Employment and Export Program (LEEP) and explore additional overseas seasonal employment opportunities for Samoa. Explore and develop additional bilateral schemes, such as the New Zealand Regional Seasonal Employment Scheme (RSE) and Australian Seasonal Workers Program (SWP), to facilitate mobility for both skilled and unskilled labour in the region and internationally.	MCIL (IROSH), MPMC	On track  - SEU transferred from MPMC to MCIL this financial year. The SEU is intended to be re-packaged as the LEEP division in MCIL. - Personnel from other MCIL divisions are providing assistance to facilitate the transition.
3.4.2 Review implementation of measures and strategies to enhance the participation of Samoa's services industry in international (services) trade including labour mobility	MCIL (Labour Divisions), MFAT	No progress  - There is no platform for skilled labour mobility. LEEP is intended to expand to cover skilled labour mobility.
3.4.3 Include services liberalisation in the formal arrangement under negotiation.	MFAT, MCIL (Labour Divisions)	No progress  - Services not covered under PACER Plus. Therefore there is no mutual recognition clause for skilled labour.

Table 4: Pillar 3: Enhanced Market Access for Samoan Goods and Services

2.4. Pillar 4: Strengthened Sector Coordination, Planning and Support

The TCM Sector continues to push for evidence-based decision-making/policy-making through strengthening linkages with implementing agencies. Policy advice support has been provided in areas such as foreign investment, economic zoning, linkages to climate-related initiatives, assistance schemes, and etc. The TCM-CU is also committed to climate-change related matters, where support is provided where necessary to streamline climate-related initiatives in the Sector.

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
4.1 – A COHERENT SECTOR PLANNING AND POLICY FORMULATION DEVELOPED		
4.1.1 Develop and implement a National Industry Development Strategy/Industrial Policy to focus on enhancing value addition to products in areas which have comparative advantage and ensure that the necessary investment climate in terms of infrastructure, legislation is strengthened.	MCIL (IDIP)	Slow progress  - TOR for TA drafted for development of the NIDS
4.1.2 Promote the development of micro, small and	MCIL (IDIP),	Slow progress 

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
medium enterprises (MSME) and implement macroeconomic policies and practices that are consistent with Samoa's objective of increasing exports and enhancing competitiveness.	TCMCU	- In initiation process to develop a policy for MSME
4.1.3 Develop and implement measures and strategies to improve the participation of Samoa's services industry in international services trade	MCIL, MFAT	No progress ☹
4.1.4 Strengthen the e-commerce regulatory framework & regulations.	MCIL (FTCD)	Slow progress ☹ - Proposal for technical assistance submitted to UNCTAD through MFAT, for assistance in developing a framework and Policy.
4.1.5 Review and develop effective Industrial Relations, FEEP and OSH policies and procedures.	MCIL (IROSH)	On track ✅ - Ongoing implementation of the National Occupational Safety and Health Framework, FEED Policy and Application Package, Light Work list, Hazardous list, IREPOSH Procedural Guideline, grievance forms etc.
4.1.6 Incorporate Employment issues and target into the macroeconomic framework.	MCIL (Labour Divisions), TCMCU	Slow progress ☹ - Macroeconomic framework is under development by the SNEP implementation committee. - Maintaining relationship between IROSH and stakeholders on sharing requested data on employment issues by presenting data to ILS, SNTF.
4.1.7 Strengthen Sector M&E Framework, Budgeting (MTEF) and TCM-CU capacity	TCMCU	On track ✅ - MTEF and M&E Update are both included in the new TCM Sector Plan and the ASR 2017. - TCMU continues to report on these major matrixes for the purpose of reviewing and monitoring.
4.1.8 Build on the Joint Policy Action Matrix (JPAM) to capture sources of sustainable financing	MOF	On track ✅ - TCM Sector continues to report on certain priorities as captured under the JPAM, in terms of finance report submissions, and these are done quarterly.
4.1.9 Review trade and other relevant commercial laws to create and support a dynamic trade sector	All TCM Sector Stakeholders	On track ✅ - FIA 2000 Reviewed - FIA Amendment Act 2011
4.1.10 Undertake design and implementation of Special Economic Zones (SEZ) in Samoa focusing on the following areas: competitive tax and incentives regime; zone development and administration; environmental sustainability and climate change mitigation; and labour market productivity.	TCMCU, MCIL (IDIP)	On track ✅ - Drafting Policy as requested by Cabinet
4.1.11 Improve the monitoring of local and foreign owned shops and issue warnings to those breaching any law and/or customs	MCIL (IDIP), MFR, MPMC	Slow progress ☹ - IDIP: Collaborative work by members of the Non-Compliance Task Force with the inclusion of the Ministry of Police for enforcement purposes. Conducts regular site visits. - IROSH: Need legislative review to penalise constant non-compliance and have in place relevant systems and procedures. ▪ Currently work in progress for LERA review. ▪ Draft legislative framework for regulations - Draft strategic framework for compliance
4.1.12 Assess procedures, processes and documentation required for streamlining and improve efficiency inter-agencies	All TCM Sector Stakeholders	Slow progress ☹ - Only MCIL-RCIP has an online platform for users. Other functions are manually done. - The Non-Compliance Task Force is still in its teething stage, but mostly ineffective.
4.1.13 Enhance commitment with the International Labour Organisation.	MCIL (IROSH & AELM)	On track ✅ - AELM: MCIL Employment Unit jointly implemented LFS & SWTS funded by ILO & TCM - LMS and LMIS both utilising ILO standards (ISCO & ISICR4) - IROSH: On-going commitment through: ▪ Development and implementation of DWCP

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
		▪ Ratification of C144 ▪ Submission of ILS reports and surveys, - Review of LERA 2013 as per recommendation of the Committee of Experts on the Application of Conventions and Recommendations
4.1.14 Enhance the legislative and regulatory framework for labour standards, employment relations, and occupational health and safety	MCIL (IROSH)	Slow progress 🟡 - IROSH: On-going work on LERA review and draft legislative framework for regulations and draft strategic framework for compliance
4.1.15 Implement and monitor commitments made in all trade agreements/ arrangements. Create a development-oriented trade policy in line with Samoa's development goals	MFAT	No progress 🛑
4.2 – ACCURATE AND TIMELY SECTOR STATISTICS FOR SECTOR PLANNING AND POLICY FORMULATION		
4.2.1 Review, research and update investment opportunities to be promoted.	MCIL (IDIP)	No progress 🛑 - Sector profiles in place but lacks in-depth information and development intentions for each sector.
4.2.2 Implementation of the Labour Market Information management system and collaborate with key stakeholders for better operation.	MCIL (AELM)	On track ✅ - Online registration is open to stakeholders and everyone for utilisation Request IT assistance
4.2.3 Create a Computerized Central Statistics Database for the Sector and its Implementing Agencies as a part of the management and information unit and use the data for research and diagnostic studies. Enhance an electronic database and filing system for sector implementing agencies. Implement the “One MCIL” initiative and provide resources	MCIL (CSU)	On track ✅ - Update on the progress on ONEMCIL Data entry starting point from 2014 to date (MCIL-Communications Team to lead)
4.2.4 Statistics and performance monitoring indicators to be revisited (including disaggregation by age and gender) to measure Inclusive Growth as part of the Community Sector Plan 2016-2021 by MWCSO.	MWCSO	On track ✅ - Measured by Community Sector under MWCSO
4.2.5 To develop measurable and substantive indicators to monitor results and performance from Trade Agreements (e.g. employment statistics from firms involved in export and tax revenue resulting from preferences accorded and MSMEs exporting to markets).	MFR, MFAT	No progress 🛑
4.3 – STRENGTHENED INSTITUTIONAL CAPACITY OF KEY SECTOR IMPLEMENTING AGENCIES		
4.3.1 Develop monitoring and evaluation framework with Sector Implementing Agencies to guide and monitor their role in terms of compliance with their relevant mandate. Restructure Sector implementing agencies to reflect the extent of the sector mandate.	TCMCU	Complete ✅ M&E framework in place and updated periodically by TCMCU
4.3.2 Seek capacity building on Technical Barriers to Trade/Competition/Metrology and Codex.	MCIL (FTCD)	On track ✅ - Competition/Consumer (Karen-Japan, Roger-Geneva, Roger-South Korea, Staff internal trainings by international volunteers) - TBT (Max-Singapore, Elisapeta- Geneva) - Metrology (Ulises-France, Karen-France, Kolio-France, Esera-China, Vincent-New Zealand)
4.3.3 Strengthen tripartite dialogue with key stakeholders on all labour/OSH related matters.	MCIL (IROSH)	On track ✅ - On-going support to SNTF, establishment of OSH Task Force, awareness programme
4.3.4 Research and develop an electronic customers-centred system for FEEPS.	MCIL (IROSH), MPMC	Slow progress 🟡 - Functions reverting to MPMC
4.3.5 Develop the capacities of private sector institutions to effectively engage with government on trade policy formulation through training in technical trade issues, enhanced dissemination of relevant information and trade negotiations, etc.	All TCM Sector stakeholders	Slow progress 🟡 - PSOs continue to advocate for private sector interests in national policies. - There is a delay in disseminating and informing private sector regarding trade-related policies.
4.3.6 Develop an electronic monitoring system for business environment and cost structure	All TCM Sector stakeholders, MOF	Slow progress 🟡 - Existing systems are fragmented - Government does not have an online payment platform.

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
4.3.7 Enhance the capacity of the Sector implementing agencies to meet the implementation requirements of the Sector policies		Complete  - Policy Development Training conducted 2016, for Sector implementing agencies and relevant ministries. d
4.3.8 Enhance the country capacity to Implement its WTO obligations and continue to work with lead agencies in implementing the post Accession Matrix and effectively engage in trade negotiations through close collaboration with International institutional capacity strengthening institutions.	MFAT (Trade)	Slow progress  - Ongoing participation of relevant government ministries in workshops and meetings hosted and facilitated by Samoa. - 1Q2017 – NWCTA a follow up meeting on the updates of Trade Arrangements - 2Q2017 – UNCTAD e-Trade Readiness Assessment Mission to Samoa - 4Q2017 – WB Group Mission on WTO Trade Facilitation Implementation - Samoa's first WTO Trade Policy Review in progress
4.3.9 Design and implement an immediate educational enhancing program for the private sector in rapid participation in trade in services with industries being explored or integrated under modes (1) – (4) of PICTA. Work with training institutions to provide business/ entrepreneurial skills and other skills relevant to private sector development, competitiveness and trade policy.	MFAT (Trade)	Slow progress  - PICTA is currently under review
4.3.10 Strengthened collaboration between MfR, MCIL, MPMC and other relevant agencies to address issues with tax collection, business and immigration laws	MFR, MCIL (RCIP, IDIP, IROSH), MPMC	Slow progress  - The Non-Compliance Task Force is still in its teething stage, but mostly ineffective.
4.3.11 Training needs program developed in line with Customs procedures	MFR	No progress  - Existing programs catering for Government capacity needs; but there is a need to enhance public and private sector awareness.
4.3.12 Improved border operations and Customs Control Area (CCA)	MFR, Border Operations	On-track  - ADB report on Trade and Transport Facilitation for the Pacific region including Samoa. Report submitted for final comments and recommendation from Samoa.
4.4 – SECTOR RECOGNITION AND INTEGRATION OF CROSS-CUTTING ISSUES LIKE CLIMATE CHANGE RESILIENCE AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)		
4.4.1 Develop a robust disaster recovery plan for all electronic systems to ensure business continuity.	PSOs, TCMCU, MNRE	On-track  - MCIL-Internal: Started using VMware software to provide virtualized backups for each in-house server. Data is backed-up on cloud-based solutions. MCIL-IT in talks with MCIT for off-site back up location to utilize Samoa National Highway Broadband (SNBH). - MCIL advocating business interests to EPC and the Energy Sector regarding impact of inconsistent power supply causing damage to equipment.
4.4.2 Sensitise the sector and its implementing agencies about climate change and adaptation and resilience measures	All TCM Sector Stakeholders	On-track  - TCM-CU worked together with DMO in developing the Disaster Risk and Mitigation Plan for the Sector. - The Sector is an active participant in climate change talks and forums. The Sector is also providing support for the GCF project which has initiatives targeted towards private sector and business development.
4.4.3 Integrate international goals and values into the sector in line with Samoa's national interest	MOF, TCMCU	Complete  - New TCM Sector Plan 2017/18-2020/21 is in line with the SDS 2016/17-2019/20. The SDS is matched to the Sustainable Development Goals
4.4.4 Develop integrated climate resilient investments in collaboration with key sectors like energy and environment.	MNRE, TCMCU	On-track  - Similar updates to 4.4.1 and 4.4.2
4.4.5 Incorporate Human Capital development into national strategies.	MOF, MCIL (Labour Divisions), MWCS	No progress  - SDS not directly targeting labour issues.
4.4.6 Ensure equal access for persons with specific needs (PWSN) in both paid and self-employment opportunities.	MCIL (IROSH)	Slow progress  - LERA under review - IROSH participated in the development of Samoa Disability Monograph (launched August 2018)

ACTIONS	LEADING AGENCIES	STATUS/REMARKS
		- The OSH Act also needs to be reviewed to capture (among other issues) equal access
4.4.7 Promote gender equality in the work places and general employment opportunities.	All Sector Stakeholders	On-track ☒ Sector awareness, data, and work progressing towards disaggregation of data by gender. Framework in place (stipulated under LERA) for harassment reporting.

Table 5: Pillar 4: Strengthened Sector Coordinating, Planning and Support

3. HOW MUCH INVESTMENT HAS GONE INTO THE SECTOR IN FY2017/18?

The TCM Sector envelope comprises appropriations for 10 Implementing Agencies (IAs) carrying out sector initiatives: six government Ministries/agencies; 2 public bodies; and 2 private sector organisations. The table below details the immediate commitments for the implementation of the TCM Sector Plan. The following table and figure illustrates the commitments by Pillar.

3.1. Medium Term Expenditure Framework

The Sector estimated to spend ST\$27,234,918.92 for implementing Sector initiatives in FY2017/18. This is comprised of 19,934,810.00 tala under the re-current budget and 7,300,108.92 tala from development funds.

PILLAR	2017/18	2018/19	2019/20	2020/21	TOTAL
Recurrent	8,439,102.50	8,713,622.19	8,689,809.98	8,658,041.98	34,500,576.65
Development	1,800,000.00	1,800,000.00	1,800,000.00	1,800,000.00	7,200,000.00
P1: Industry Supply & Productivity Sub-Total	10,239,102.50	10,513,622.19	10,489,809.98	10,458,041.98	41,700,576.65
Recurrent	4,088,928.50	2,900,597.38	3,107,026.58	3,083,443.48	13,179,995.94
Development	1,236,000.00	194,000.00	144,000.00	144,000.00	1,718,000.00
P2: Processing & Value Adding Sub-Total	5,324,928.50	3,094,597.38	3,251,026.58	3,227,443.48	14,897,995.94
Recurrent	4,074,905.00	4,241,785.80	4,326,091.50	4,398,342.87	17,041,125.17
Development	3,081,600.00	2,610,000.00	2,250,000.00	2,070,000.00	10,011,600.00
P3: Market Access Sub-Total	7,156,505.00	6,851,785.80	6,576,091.50	6,468,342.87	27,052,725.17
Recurrent	3,331,874.00	2,833,019.69	2,843,002.61	2,853,000.76	11,860,897.06
Development	1,182,508.92	4,604,000.00	-	-	5,786,508.92
P4: Sector Coordination and Support Sub-Total	4,514,382.92	7,437,019.69	2,843,002.61	2,853,000.76	17,647,405.98
Total Recurrent	19,934,810.00	18,689,025.06	18,965,930.67	18,992,829.09	76,582,594.82
Total Development	7,300,108.92	9,208,000.00	4,194,000.00	4,014,000.00	24,716,108.92
Total TCM Sector	27,234,918.92	27,897,025.06	23,159,930.67	23,006,829.09	101,298,703.74

Table 6: TCM Sector Plan MTEF

3.2. Actual Re-current Expenditure

The actual spending for the Sector under the recurrent budget for FY2017/18 amounts to 17,517,434.00 tala.

PILLAR ONE		PILLAR TWO		PILLAR THREE		PILLAR FOUR	
OUTPUT	EXPENSE	OUTPUT	EXPENSE	OUTPUT	EXPENSE	OUTPUT	EXPENSE
MAF 4	\$3,970,212	MCIL 4	\$747,812	MAF 3	\$1,373,569	MCIL 1	\$875,668
MAF 5	\$1,803,220	MCIL 6	\$264,513	MCIL 3	\$547,500	MCIL 2	*Now LEEP Output
MAF 6	\$2,247,006	MCIL 7	\$151,958	MCIL 5	\$306,036	MCIL 6	\$264,513
MCIL 5	\$306,036	SROS 4	\$619,090	MFR 7	\$636,941	MCIL 7	\$151,958
SROS 3	\$595,133	SROS 5	\$715,337	MCIL 2 (LEEP)	\$368,169	MCIL 8	\$644,384
						SBS 2 (*Now SBS Output 8)	\$473,508
						SBS 3	\$454,871
TOTAL	\$8,921,607	TOTAL	\$2,498,710	TOTAL	\$3,232,215	TOTAL	\$2,864,902

Table 7: Re-current Expenditure Figures FY2017/18

3.3. Development Projects Expenditures

The Sector has two development projects: National Implementation Support for Enhanced Integrated Framework projects (Tier 1); and Trade Sector Support Programme (Tier 2). The actual spending for the EIF projects for FY17/18 is US\$633,966.86 (1,639,597.73 tala). The Tier 1 project contributed to the establishment of institutional framework, reviewing of policies, aligning of legislations, enhancing the capacity of Sector stakeholders and personnel, facilitating workshops and recruiting of experts to assist the sector with its works. The Tier 1 expenditure for its final months in FY2017/18 is US\$106,028.94 (274,217.50 tala).

EXPENDITURE STATEMENT TIER 1						
DURATION OF THIS REPORT			FROM:	JUL-17	TO:	DEC-17
ACCOUNT	DESCRIPTION	TOTAL BUDGET	TOTAL PRIOR EXP.	CURRENT QRT. EXP.	TOTAL EXP.	BALANCE
71200	International Experts	48,440.97	48,440.97	-	48,440.97	-
71300	Support Staff	52,212.96	49,671.24	2,814.81	52,486.05	(273.09)
71400	National Experts	313,826.62	290,272.37	23,752.03	314,024.40	(197.78)
71600	Travel & Missions	196,083.71	171,964.13	21,584.33	193,548.46	2,535.25
72100	Subcontracts	-	-	-	-	-
72200	Equipment	28,145.32	28,145.32	-	28,145.32	-
72600	Grants	-	-	-	-	-
73100	Premises	-	-	-	-	-
74100	Prof Services	6,463.03	3,963.03	781.50	4,744.53	1,718.50
74000	Operating Costs	94,609.70	71,934.31	25,274.27	97,208.58	(2,598.88)
74500	Sundries	-	-	-	-	-
75700	Learning Costs	160,217.69	128,261.63	31,822.00	160,083.63	134.06
TOTAL USD:		900,000.00	792,653.00	106,028.94	842,072.45	1,318.06

Table 8: Expenditure Statement for Tier 1 (July to December 2017)

Furthermore, the TSSP under the EIF Tier 2 window was submitted in December 2013 and commenced implementation in 2014. The TSSP focuses on providing resources for attaining medium to long term goals in the trade sector with components addressing sector policy and governance, manufacturing and linkages to other economic sectors, private sector development and foreign trade. A no cost extension was recently approved by EIF for the Tier 2 project to extend its implementation until June 2019. The Tier 2 expenditure for FY2017/18 is US\$527,937.92 (1,365,380.23 tala).

EXPENDITURE STATEMENT TIER 2						
DURATION OF THIS REPORT			FROM:	JUL-17	TO:	JUN-18
ACCOUNT	DESCRIPTION	TOTAL BUDGET	TOTAL PRIOR EXP.	CURRENT QRT. EXP.	TOTAL EXP.	BALANCE
71200	International Experts	86,000.00	30,864.70	27,939.35	58,804.05	27,195.95
71400	National Experts	152,478.00	81,280.12	37,694.59	118,974.71	33,503.29
72100	Subcontracts	1,171,250.00	1,002,747.36	63,464.02	1,066,211.38	105,038.62
72200	Equipment	823,695.00	137,462.20	330,825.71	468,287.91	355,407.09
74100	Prof Services	524,728.00	211,056.59	50,694.13	261,750.72	262,977.28
74200	Communication	7,000.00	544.27	0.00	544.27	6,455.73
74500	Sundries	116,897.05	4,828.86	1,437.56	6,266.42	110,630.63
75700	Training & Workshop	62,174.00	0.00	15,882.56	15,882.56	46,291.44
TOTAL USD:		2,944,222.05	1,468,784.10	527,937.92	1,996,722.02	947,500.03

Table 9: Expenditure Statement for Tier 2 FY2017/18

There are other existing development projects implemented outside of the TCM-CU, but their implementation impacts the TCM Sector. These projects contribute the bulk of estimated development expenditure.

4. WHAT IS THE IMPACT OF THE SECTOR'S WORK?

4.1. Relevance and Appropriateness

The adoption of the sector-wide approach to planning is critical for aligning Government works to public interests. This demonstrates strong public-private partnership as it brings together the Government, Private Sector and Development Partners to work towards the achievement of sector plan outcomes. A number of Sector Plans have been developed to date which also reflect cross-cutting activities for the TCM Sector. This is a reflection of collaboration and integration across the board and not in isolation.

The TCM-SP remains committed to the progressing of outcomes 3 ('Increasing Export Products') and 5; ('Enhanced Participation of the Private Sector in Development') of the SDS. The current Sector Plan is based on the SDS and other national planning documents which provides basis for the diversifying of the production base and putting in place an inter-agency coordination mechanism for implementation. It was

noted in the FY2017/18 review that the action matrix of the Sector Plan remains relevant and appropriate in directing and complementing the mandated functions of stakeholders. The works and interventions of stakeholders are accordingly streamlined to address national issues stipulated in the Plan.

4.2. Effectiveness and Efficiency

The value-chain approach streamlined the activities of the TCM-SP to be more precise in implementation. In light of this, the TCM-SP now encompasses four Pillars (outcomes): 1 – Improve Industrial Supply and Productivity; 2 – Increase Processing Activities and Value Addition; 3 – Enhance Market Access and Visibility for Samoan Goods and Services; and 4 – Strengthen Sector Coordination, Planning and Support. There are 93 actions detailed in the action matrix of the Sector Plan which are further filtered through 13 outputs. The ‘traffic light’ approach was taken to assess the progress of actions, and this is detailed in Table 10 below.

PILLAR (OUTCOMES)	OUTPUTS	ON-TRACK / COMPLETED (✓)	SLOW PROGRESS (⚡)	NO PROGRESS (✗)
1. Improve industrial supply and productivity	1.1. Improved productivity of key industries	2	3	3
	1.2. Consistent quality and quantity of primary sector supply	3	6	-
2. Increase processing activities and value-addition	2.1. Increase number of value-added products	4	1	1
	2.2. Improve quality assurance standards for key processing industries	1	3	-
	2.3. Establish quality standards for key services	-	2	2
3. Enhance market access and visibility for Samoan goods and services	3.1. Reduced cost of doing business	2	2	1
	3.2. Improved access to various private sector support schemes	4	3	4
	3.3. Improved trade balance	3	-	1
	3.4. Increase labour mobility to foreign markets	1	-	2
4. Strengthen sector coordination, planning and support	4.1. Coherent sector planning and policy formulation	6	7	2
	4.2. Accurate and timely sector statistics for planning	3	-	2
	4.3. Strengthen capacity of sector implementing agencies	5	6	1
	4.4. Integration of cross-cutting issues into the sector	5	1	1
TOTAL		39	34	20

Table 10: Status of TCM-SP Implementation

With reference to Table 10, there are 39 out of 93 actions (or 42 percent of actions) in the TCM-SP that are “complete or on track”. There are 34 actions (or 37 percent) that are noted with “Slow Progress” and 20 actions (or 21 percent) that have “No Progress”. This is the first year of implementation of the new Sector Plan and the status of progress is fairly on track with a substantial number of actions already being implemented.

4.3. Impact and Sustainability

The TCM-CU is slowly being absorbed into the re-current budget. This arrangement is inclusive of personnel and operational expenses assigned under the CEO’s output (Output 1) of the MCIL. The TCM-CU anticipates having its own output under the local budget in the next financial year.

While the EIF assistance is phasing out, trade related activities have been integrated in to the current Sector Plan to ensure continuation of work. Sustaining the results of completed activities relies on building the capacities of relevant agencies to continue streamlining and integration of Sector Plan goals into their functions. There is continuous reliance on development funding for sustainability and this has embedded a negative attitude in fully committing and taking full ownership and responsibility of project activities. There is also a lapse in continuous post monitoring and evaluation of results upon completion of projects.

Stakeholders and implementing agencies continue to struggle with grasping the ideas of sector-wide approach, which in turn causes misdirection. However, the sustainability of the sector wide approach relies on establishing a safe space for dialogue and working collaboratively. This is a hurdle that needs to be addressed.

5. CHALLENGES

In spite of the plan's relevance in alleviating Sector constraints, there are challenges faced throughout the reporting period including issues raised by stakeholders during the review. A number of these challenges are specifically trade related and some are cross cutting issues experienced by all.

5.1. Misinformation

The misunderstanding of sector wide approach continues to be a challenge. The sector work thrives on communication, but existing forums has created a platform that instils inculcation among Sector stakeholders. This defies the Sector's intentions and sets back progress. Stakeholders continue to struggle with understanding their own work and how they complement each other. They also lose sight of end goals and how they could utilise the sector-wide platform to justify and amplify the impact of their work.

5.2. Resources

One of the constant challenges across the board is the lack of Technical Assistance with the relevant and suitable expertise to assist the Sector with its work. There are activities that require independent perspective and these are accordingly outsourced. However, the outsourcing of internal works that need to be implemented internally by Sector stakeholders is not encouraged. The TCM-CU resolved to execute policy formulation support in house building on expertise of internal staff.

The aligning of plans with resources continues to be a challenge. The financing of activities under both the re-current budget and development funds is increasing. Unfortunately there is also no initiative to review and improve functions leading to work becoming status quo and lacking innovation. Nonetheless, the EIF funding will completely cease by the end of FY2018/19 and the Stakeholders have raised the need to secure further development assistance to complement the financing of the Sector's work.

Human resource drives implementation and commitment of their agencies. Although personnel have merit that meet their Agencies' objectives; the gap is in their attitude. There is also a need to institute a robust performance management system that monitors performance; incentivising excellent performance and managing poor performance. Moreover the sense of responsibility and public accountability need to be ingrained into public servants' attitudes to lessen negligence tendencies.

5.3. Trade Deficit

MFAT raised the concern that the Sector (and MCIL) needs to look at activities to narrow the ever increasing trade deficit. The TCM-CU acknowledges factors beyond anyone's control which contribute to the trade deficit such as Samoa's geographic isolation from international markets, Samoa's susceptibility to natural disasters, and external shocks. However, MFAT is accordingly directed to look internally on the work they do and understand that they also contribute to the Sector's work and that the trade deficit is a cross-cutting issue that involves all stakeholders. This type of misconception re-emphasizes the importance of the sector wide approach, cross-agency integration, and open communication. The notion from the review proposed further streamlining of processes in the Trade Facilitation areas and training for private sector on Trade Agreements. There is also reliance on the Energy and Transportation Sectors to achieve its 2021 100% Renewable Energy goal which is anticipated to significantly reduce dependence on imported fuel which is the largest imported commodity.

5.4. E-commerce

The absence of an E-commerce strategy and legislative framework makes it difficult to capture existing electronic trading happening in Samoa. There is also a gap pertaining to infrastructure needed to enable and safeguard online trading and transactions. These are some of the findings from the *E-trade Readiness Report* conducted by UNCTAD and the Government of Samoa. The TCM Sector and Communication Sector should work collaboratively on the matter to ensure progress of e-commerce initiatives.

5.5. Productivity/ Supply

The primary sector continues to encounter supply challenges caused by poor management of farms, crop and stock diseases, pests and natural disturbances. The limited public awareness and documentation of these issues is also a challenge, where farmers are unaware of farming best practices, handling and sanitary measures that could mitigate the impact of natural disturbances on crops and livestock. The Ministry of Agriculture and the Agriculture Sector endeavours to address these issues by enhancing capacity and utilizing technical support to assist the farmers. The TCM Sector also encourage farmers to work in clusters and connect to an established value-chain, which in turn lowers overhead costs and creates a pool of expertise and experience that could be tapped for solutions. From a national perspective, the clustering approach will diminish supply side constraints and affords small farmers similar opportunities as those accessed by commercial farmers in Samoa.

6. WHAT ARE THE SECTOR PRIORITIES FOR FY2018/19?

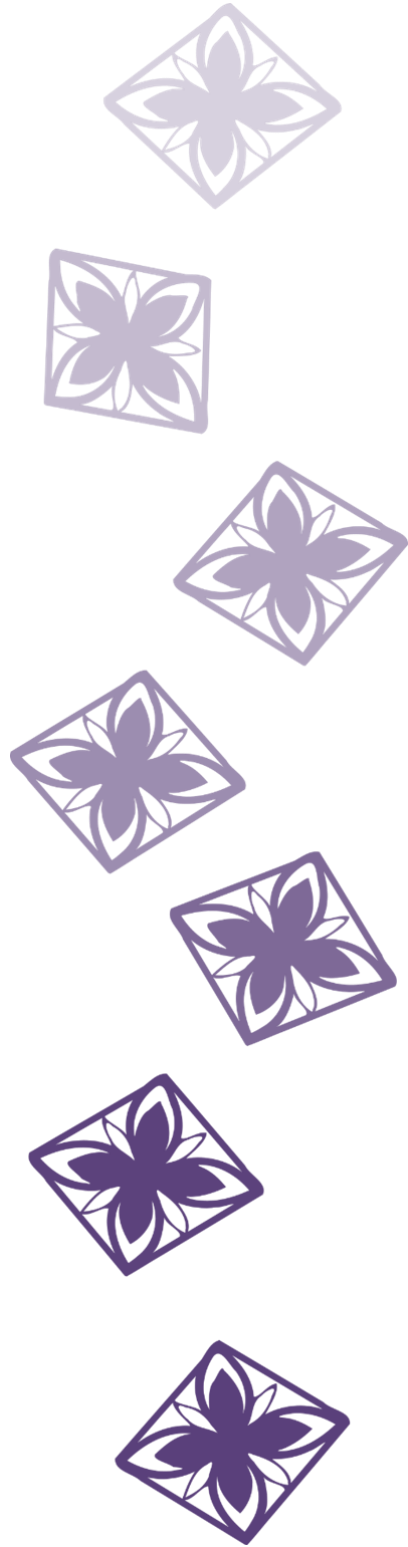
Subsequent to the Annual Sector Plan Review on the 30 August 2018 the stakeholders have agreed that the following activities should be prioritized for FY2018/2019:

6.1. Trade, Commerce & Manufacturing

- **Ecommerce:** There is need to prioritise the developing of an e-commerce framework and aligning priorities of relevant agencies (MCIT, OOTR and MCIL).
- **Codex Standards:** There is a need develop more food standards and add to the work of the Codex Committee. There is the recently launched Kava ('Ava) standard now enforced and efforts should now redirect to developing standards for cocoa (koko Samoa), noni (nonu) fruit products and coconut products.
- **Foreign Investment:** Accelerate current review of the Foreign Investment Act and identify solutions for foreign investment issues and gaps identified.
- **Industrial and MSME Policies:** Prioritise the development of the National Industrial Development Strategy and MSME policy. Look at ways to provide an enabling business environment for the industrial sector and MSME segment.
- **Export Authority:** Revisit the idea of the Export Authority specifically the one-stop-shop mechanism. Look for cost efficient ways to tackle this and align Government services to facilitate trading.
- **Online platforms:** Develop paperless or online platforms for the whole business set up procedure to reduce time spent on setting up a business and incorporate measures that have not been identified under the current registry such as the issue with manual payments. The paperless service is also links to the one-stop-shop initiative.

6.2. Labour

- **LERA review:** There is a need to prioritise the review and align minimum wage, labour and working conditions to the cost of living adjustment (COLA), as done in the public service.
- **Labour strategy:** It is proposed for the next planning cycle of the SDS to consider streamlining of employment matters as one of its outcomes. There is a need to look at employment as a bigger component of our national policies and strategies and understand the role employment plays in propelling development.
- **Labour Mobility:** Prioritise search and negotiation of additional opportunities to expand the seasonal employment programmes into other industries and jurisdictions.
- **Apprenticeship Scheme:** Enhance the apprenticeship scheme to have more industry related and female oriented trades which could entice the female population to join the apprenticeship scheme.
- **Child Labour:** Address issues relating to child labour. (Issues around child labour, minimum wage and working conditions are all under the auspices of the SNTF who looks at ways to positively influence these labour issues.)



Compiled and designed by the Trade, Commerce & Manufacturing Sector Coordination Unit under the auspices of the Ministry of Commerce, Industry and Labour, with data provided by Implementing Agencies.

